



June 8, 2007

Mr. Craig Buehler, Chief  
California Department of Justice  
Criminal Intelligence Bureau  
1102 Q Street  
Sacramento, CA 95814

Dear Mr. Buehler:

**Final Audit Report—California Department of Justice, California Antiterrorism  
Information Center, Interagency Agreement 6031-5**

Enclosed is the final report on our audit of the California Department of Justice's (DOJ) California Antiterrorism Information Center (CATIC) Interagency Agreement 6031-5 for the period July 1, 2005 through June 30, 2006. Our audit was performed under an interagency agreement between the DOJ and the Department of Finance, Office of State Audits and Evaluations (Finance).

The audit included a review of revenue and expenditures, internal control, and compliance with contract provisions. We found that the DOJ's revenue and expenditures for the CATIC interagency agreement were fairly stated. Because our audit identified no findings, we are issuing this report as final. In accordance with Finance's policy of increased transparency, this report will be placed on the Finance website.

We appreciate the assistance and cooperation of DOJ staff during our audit. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Zach Stacy, Supervisor, at (916) 322-2985.

Sincerely,

*Original signed by:*

Diana L. Ducay, Chief  
Office of State Audits and Evaluations

Enclosure

cc: Ms. Bettina Redway, Acting Deputy Chief Attorney General, Administration and Policy,  
Office of the Attorney General  
Ms. Doris Brownfield, Acting Director, Office of Program Review and Audits, California  
Department of Justice  
Mr. Wilfredo Cid, Assistant Director, Division of Law Enforcement, California Department  
of Justice  
Mr. Kirby Everhart, Chief, Criminal Justice Program Division, Governor's Office of  
Emergency Services

A GRANT AUDIT

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California Department of Justice  
California Antiterrorism Information Center  
Interagency Agreement 6031-5  
For the Period July 1, 2005  
through June 30, 2006

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

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The Department of Finance, Office of State Audits and Evaluations, performed this audit under an interagency agreement with the California Department of Justice (DOJ). The purpose of the audit was to determine whether the DOJ complied with the Governor's Office of Emergency Services' (OES) California Antiterrorism Information Center interagency agreement.

The audit objectives were as follows:

- To determine whether the DOJ appropriately used state funds as intended and specified in the interagency agreement.
- To determine whether the DOJ's internal control allows for the accurate and timely development of accounting data needed to produce the *Statement of Budgeted, Claimed, and Allowed Expenditures*.
- To verify the DOJ's compliance with applicable laws, regulations, and interagency requirements.
- To provide, as necessary, recommendations regarding the eligibility of funding and improving internal controls.

This report is intended for the information and use of the DOJ and the OES management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not restricted.

### **STAFF:**

Diana Antony, CPA  
Manager

Zach Stacy  
Supervisor

Charles White



## INDEPENDENT AUDITOR'S REPORT

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Mr. Craig Buehler, Chief  
California Department of Justice  
Criminal Intelligence Bureau  
1102 Q Street  
Sacramento, CA 95814

We have audited the accompanying *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) of the California Department of Justice (DOJ) in accordance with the Office of Emergency Services interagency agreement 6031-5 for the period July 1, 2005 to June 30, 2006. The Statement was prepared from the DOJ's records and is the responsibility of the DOJ's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, as promulgated by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 3, for the purpose of determining the DOJ's fiscal compliance with the requirements of interagency agreement 6031-5. The Statement is not intended to be a presentation of the DOJ's total revenue and expenditures.

In our opinion, the Statement referred to above presents fairly, in all material respects, the budgeted, claimed, and allowed expenditures for interagency agreement 6031-5 for the period July 1, 2005 through June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the DOJ's Statement is free of material misstatement, we performed tests of the DOJ's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that are required to be reported herein under *Generally Accepted Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the DOJ's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement, and not to provide assurance on the internal control over financial reporting. However, we did not note any matters involving the internal control and its operation that we consider to be reportable conditions under *Generally Accepted Government Auditing Standards*. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls that, in our judgment, could adversely affect the DOJ's ability to initiate, record, process, and report financial data consistent with the assertions of management in the Statement.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the Statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no matter involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of DOJ and OES management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

*Original signed by:*

Janet I. Rosman, CPA  
Assistant Chief, Office of State Audits and Evaluations  
(916) 322-2985

April 5, 2007

# STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

## California Department of Justice California Antiterrorism Information Center Interagency Agreement 6031-5 For the Period July 1, 2005 through June 30, 2006

	<u>Budgeted</u>	<u>Claimed</u>	<u>Allowed *</u>	<u>Questioned</u>
<b>Grant Funds:</b>				
<b>A. Personnel</b>				
Salary	\$1,981,367	\$1,956,907	\$1,956,907	\$ 0
Fringe Benefits	779,765	698,355	698,355	0
Overtime	<u>197,250</u>	<u>109,010</u>	<u>109,010</u>	<u>0</u>
Total Personnel	<u>2,958,382</u>	<u>2,764,272</u>	<u>2,764,272</u>	<u>0</u>
<b>B. Operating</b>				
Data Processing	1,654,600	1,435,695	1,435,695	0
Facilities	678,309	678,309	678,309	0
Consultants	432,734	217,967	217,967	0
Indirect	319,047	263,383	263,383	0
General Expense	146,878	14,159	14,159	0
Other	132,900	6,657	6,657	0
Communications	125,000	57,275	57,275	0
Audit	67,000	131	131	0
Modular Furniture	50,000	657	657	0
Travel In State	50,000	50,000	50,000	0
Training	28,250	18,692	18,692	0
Travel Out of State	20,000	14,927	14,927	0
Records Storage	20,000	0	0	0
Printing	11,700	4,339	4,339	0
Insurance	4,200	4,200	4,200	0
Postage	<u>1,000</u>	<u>367</u>	<u>367</u>	<u>0</u>
Total Operating	<u>3,741,618</u>	<u>2,766,758</u>	<u>2,766,758</u>	<u>0</u>
<b>Total Grant Funds</b>	<u><b>\$6,700,000</b></u>	<u><b>\$5,531,030</b></u>	<u><b>\$5,531,030</b></u>	<u><b>\$ 0</b></u>

\* Allowed amounts are based on the results of audit tests.

The accompanying notes are an integral part of this statement.

# NOTES TO THE STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

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**California Department of Justice  
California Antiterrorism Information Center  
Interagency Agreement 6031-5  
For the Period July 1, 2005 through June 30, 2006**

**NOTE 1      Definition of the Reporting Entity**

The constitutional office of the Attorney General, as chief law officer of the state, has the responsibility to see that the laws of California are uniformly and adequately enforced. This responsibility is fulfilled through the diverse programs of the California Department of Justice (DOJ).

The DOJ is responsible for providing skillful and efficient legal services on behalf of the people of California. The Attorney General represents the people in all matters before the Appellate and Supreme Courts of California and the United States; serves as legal counsel to state officers, boards, commissions, and departments; represents the people in actions to protect the environment and to enforce consumer, antitrust, and civil rights laws; and assists district attorneys in the administration of justice.

The DOJ also coordinates efforts to address the statewide narcotic enforcement problem; assists local law enforcement in the investigation and analysis of crimes; provides person and property identification and information services to criminal justice agencies; supports the telecommunication and data processing needs of the California criminal justice community; and pursues projects designed to protect the people of California from fraudulent, unfair, and illegal acts.

**NOTE 2      Program Information**

On September 11, 2001, deadly terrorist events demonstrated a very up close, personal, and public concern for the safety of all Americans, on all levels, in all states. In response to the directive by the United States Attorney General to establish state and local counter-terrorist task forces to bring terrorists to justice and to prevent future terrorist acts, the Governor announced on September 25, 2001 the implementation of the California Antiterrorism Information Center (CATIC). The Budget Act for fiscal year 2005-06 allocated \$6,700,000 to the Governor's Office of Emergency Services (OES) for the implementation of CATIC. The OES allocated the funds to the DOJ via interagency agreement 6031-5.



### NOTE 3      **Summary of Significant Accounting Policies**

#### A. Basis of Presentation

We prepared the *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) from the DOJ's accounts and financial transactions. The Statement summarizes the DOJ's expenditures pertaining to the interagency agreement and its specific reporting period. The reporting period is based on the DOJ's documentation supporting the claimed expenditures and request for grant reimbursement, with the ending date representing the effective end date of interagency agreement 6031-5.

The Statement is not intended to represent all of the DOJ's expenditures, and summarizes the DOJ's transactions pertaining only to interagency agreement 6031-5.

#### B. Basis of Accounting

The DOJ's accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenue are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.